

BUSINESS ENERGY SAVER PROGRAM (SC)

PURPOSE

The purpose of this Program is to encourage the installation of energy efficiency measures for eligible nonresidential customer facilities. The Program provides incentive payments towards the installation of energy efficiency improvements, based on the electric energy and demand savings, for efficient equipment that may include but is not limited to lighting; refrigeration; heating ventilation and air conditioning; variable frequency drives; and other commercial and industrial equipment as determined by the Company.

AVAILABILITY

The Program is available, at the Company's option, to new or existing nonresidential establishments served on Duke Energy Carolinas' general service and industrial rate schedules from Duke Energy Carolinas' retail distribution system. Depending on the type of energy efficiency measure, the Company may require a specified amount of usage history and/or pre-monitoring of equipment energy usage in order to participate in this Program. Where the customer is not the owner of the property, the owner must give satisfactory written consent for the customer to participate in this Program.

GENERAL PROVISIONS*Small Business Energy Saver*

For customers with an average monthly actual demand of 180 kW or less and who meet the Program eligibility requirements, a Company authorized vendor will perform an energy assessment at the customer's facility at no charge to the customer, make recommendations for improved energy efficiency measures, and produce a projected cost to complete the proposed energy efficiency project, including the projected incentive from the Company as a project discount. The Company authorized vendor may offer extended payment options for the customer's portion of project costs. If the customer decides to move forward with the proposed project, the vendor will install and commission the approved project. An individual business entity's participation is limited to no more than five premises on the Company's system during a calendar year.

SmartPath

Any customer who meets the Program eligibility requirements may opt into the SmartPath program. Customers must choose from a published list of Company-authorized trade allies to perform an energy assessment at the eligible customer's facility at no charge to the customer. The Company-authorized trade ally will make recommendations for improved energy efficiency measures, produce a projected cost to complete the work, and may offer payment financing option(s). The trade ally will install and commission the approved project. At the Company's request, the trade ally will install Company-approved sub-metering for the purpose of calculating actual energy savings and incentive(s). With the Company's approval, the Company's Small Business Energy Saver authorized vendor may also be an authorized trade ally.

Participating customers agree to allow both the Company and the Company authorized vendor or trade ally the right of ingress and egress to the Customer's premises at all reasonable hours for the purpose of pre-installation and

Duke Energy Carolinas, LLC

Electricity No. 4

South Carolina Second Revised Leaf No. 176

Superseding South Carolina First Revised Leaf No. 176

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post-installation inspection of the project to determine the actual kW reduction and energy savings for Program evaluation purposes.

Authorized trade allies must meet the Company's requirements including but not limited to: agreement to the Company's trade ally code of conduct, application process, pre- and post-monitoring, required training, incentive payment processes, and other requirements, terms and conditions, as outlined in the SmartPath Authorized Trade Ally Agreement.

The Company reserves the right to inspect the premises of the customer both before and after implementation of the measure or completion of the efficiency-related activity for which an incentive payment is requested. Incentive payments will be made only after the equipment has been installed and is operable or the efficiency-related activity has been completed, as verified by the Company.

Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year.

PAYMENTS

The Company will provide up to 80% of the cost for the recommended energy efficiency measures installed under Small Business Energy Saver and up to 75% under SmartPath. The Company's incentive payment for any installed measures shall be paid directly to the Company-authorized vendor or trade ally upon verification that the energy efficiency measure(s) have been installed. Payment financing agreements for all project costs above the incentive amount shall be the responsibility of the Customer, based upon payment terms arranged between the Customer and the Company-authorized vendor, trade ally, or other third party. The Company has no liability and makes no guarantee with respect to the installation or performance of the installed measure(s).

COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.